



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 26, 2011

TO: Mayor and Councilmembers

FROM: Planning Division, Community Development Department

SUBJECT: Economic Development Designation For 34 West Victoria Street Project

RECOMMENDATION:

That Council find that the development project at 34 West Victoria Street meets the definition of an Economic Development Project, and grant the project a Final Economic Development Designation for an allocation of 3,437 square feet of nonresidential floor area.

EXECUTIVE SUMMARY:

On August 12, 2010, the Planning Commission approved a mixed-use development at 34 West Victoria Street. The applicant would like to add nonresidential square footage to the project by increasing the size of the basement, and has requested Economic Development square footage in order to accomplish this proposal. The additional 3,437 square feet of floor area in the basement would provide additional back-of-house/storage area for the approved commercial development.

DISCUSSION:

Approved Project Description

The approved project consists of the redevelopment of a 1.35-acre site located at the northeast corner of Victoria and Chapala Streets. The project includes demolition of the existing 20,125 square foot commercial building (formerly occupied by Vons supermarket) and construction of a new mixed-use development containing:

- 23,125 sq. ft. of commercial space consisting of 14,703 sq. ft. of public market, 7,490 sq. ft. of commercial/retail, 932 sq. ft. of miscellaneous/accessory floor area, and two "car-share" parking stalls
- 37 residential condominiums consisting of 32 market-rate units and 5 inclusionary units, and 7,577 sq. ft. of accessory area comprised of two guest rooms, a club room, a lobby, individual storage units and miscellaneous accessory space

- 34,541 sq. ft. underground garage containing 78 parking stalls, with vehicular access from Chapala Street.

Background

The project described above was approved by the Planning Commission on August 12, 2010 (5-2 vote). On September 1, 2010, the Historic Landmarks Commission (HLC) granted Project Design Approval (5-3 vote), and on April 13, 2011, the HLC granted final approval (8-0 vote).

On March 2, 2011, the applicant requested a Substantial Conformance Determination (SCD) to add approximately 3,437 square feet (s.f.) of floor area to the underground parking garage to accommodate back-of-house/storage for the commercial uses on site. Other changes include the footprint and layout of the underground parking garage, and minor design changes as a result of Historic Landmarks Commission review. Additionally, three parking stalls have been added (and the car-share use eliminated) to comply with parking requirements for the additional commercial square footage requested.

On April 7, 2011, the Planning Commission made comments on the SCD and Economic Development designation and recommended (3-2 vote) that the City Council approve the request. The majority of the Commission found that the proposed use was consistent with the findings for an Economic Development Project. The Commissioners who could not make those findings were also the two dissenting votes on the original project approval.

Request for Economic Development Designation

The Measure E Economic Development category was added to the Charter through a ballot measure in 1995, and was intended to provide for unanticipated future needs related to the City's economic health. The Economic Development category is supplied with square footage from expired Approved and Pending Projects (as defined in SBMC, §28.87.300) and unallocated Small Additions (any unused amount from the annual 30,000 square foot allotment). Currently, there are 541,447 sq. ft. available in the Economic Development category for allocation. Prior designations granted by the Council are shown in Attachment 3.

The back-of-house/storage area in the underground parking garage is considered nonresidential floor area, and is subject to the limitations and requirements of SBMC §28.87.300. The approved project utilized all of the site's available floor area (3,000 sq. ft. Minor and Small Addition floor area and 20,125 sq. ft. credit for demolished floor area). Therefore, the applicant has requested that the project be designated as an "Economic Development Project" with an allocation of 3,437 sq. ft. from the Economic Development category.

As outlined in SBMC §28.87.300 (Development Plan Review and Approval), a project that has an Economic Development Designation will enhance the standard of living¹ for City and South Coast residents and will strengthen the local or regional economy by either creating new permanent employment opportunities or enhancing the City's revenue base, and will accomplish one or more of the following:

- a. Support diversity and balance in the local or regional economy by establishing or expanding businesses or industries in sectors which currently do not exist on the South Coast or are present only in a limited manner; or
- b. Provide new recreational, educational, or cultural opportunities for City residents and visitors; or
- c. Provide products or services which are currently not available or are in limited supply either locally or regionally.

Planning Commission and Staff believe that the project qualifies as an Economic Development Project. The applicant describes the public market as “comprised of artisan food and wine merchants showcasing Santa Barbara region farmers, wine makers and other providers of locally produced food. The very best regional and seasonal foods will be sold, including meats, poultry, seafood, cheese, fresh produce, flowers, bread and baked goods, olive oils, and other specialty items like chocolate and ice cream.”

This type of development would provide a permanent setting for purveyors of food in a facility central to City residents. Planning Commission and Staff believe this will enhance wages for those producing and selling such items, will strengthen the regional economy, and will support diversity and balance in the local economy by establishing or expanding a business in a sector that exists only in a limited manner on the South Coast.

Typically, a project requesting Economic Development square footage would be brought to the Council for a Preliminary Designation prior to receiving discretionary approvals from the Planning Commission. Following discretionary approval, the project would return to the Council for a Final Designation. In this case, the project had already received discretionary approval before realizing that some additional square footage was necessary to create a truly viable project. Therefore, staff and the applicant are bringing this request to Council at this time for a Final Designation.

Substantial Conformance Determination

The SCD process is a standard part of the land development review process, as changes to projects often occur as a project progresses from one stage to another. The standard of review is to determine if the project with the proposed changes is still consistent with the earlier project approvals, and the final determination is made by the

¹ “Standard of living” is defined in §28.87.300.B.3 as “wages, employment, environment, resources, public safety, housing, schools, parks and recreation, social and human services, and cultural arts”

Community Development Director. The Planning Commission had favorable comments on the applicant's SCD request to add additional floor area to the underground parking garage, and the Community Development Director is prepared to issue the SCD, provided the City Council grants the requested Economic Development designation.

SUSTAINABILITY IMPACT:

The project has been designed to be a model of sustainability, and the project incorporates a significant number of sustainable features, with the goal of achieving LEED for Homes Platinum designation for the residential portion and LEED for Core and Shell Platinum designation for the market.

NOTE: The project plans have been sent separately to the City Council and are available for public review in the City Clerk's Office.

ATTACHMENT(S):

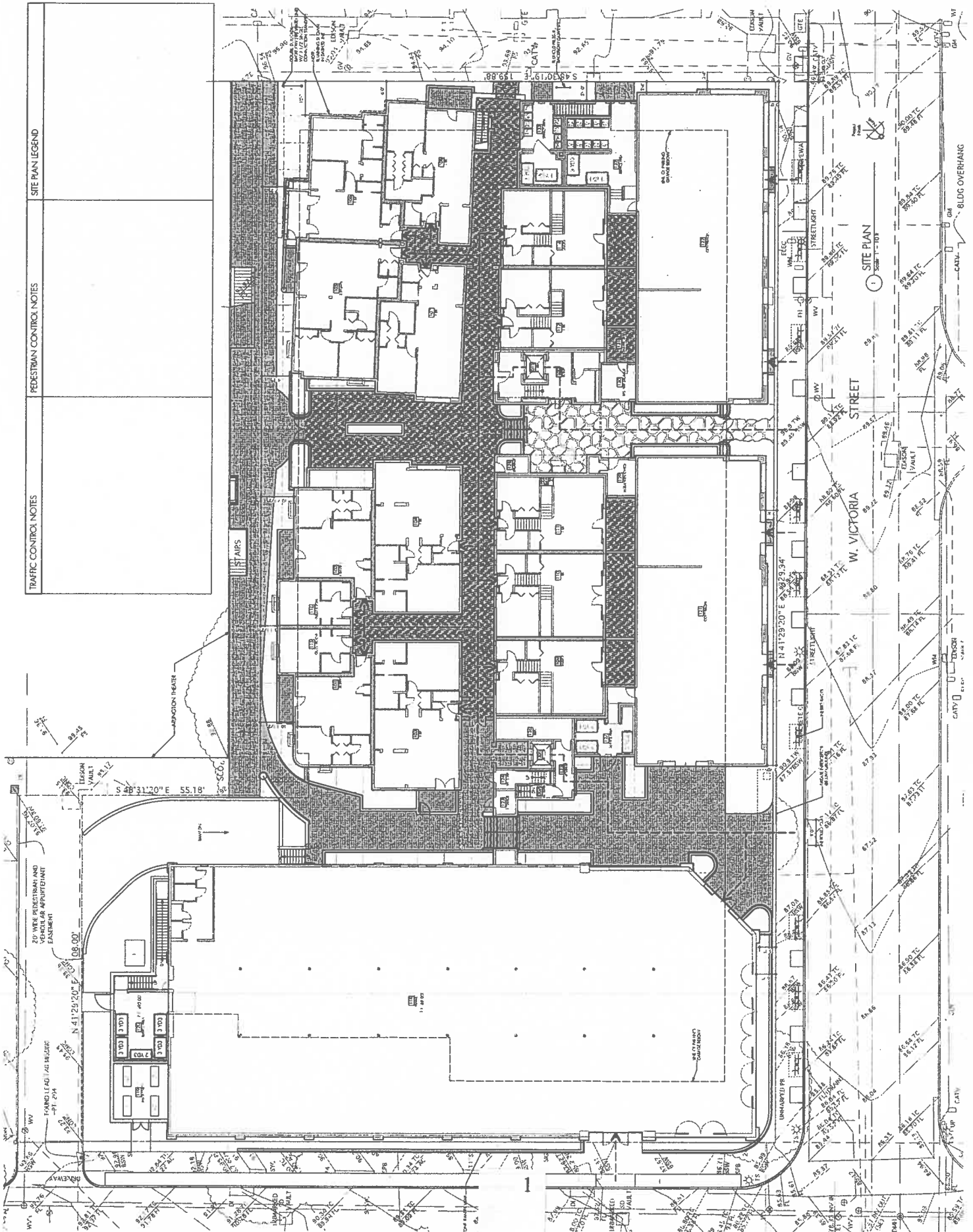
1. Site Plan and Garage Plan
2. Applicant Letter dated March 11, 2011
3. Economic Development Projects List

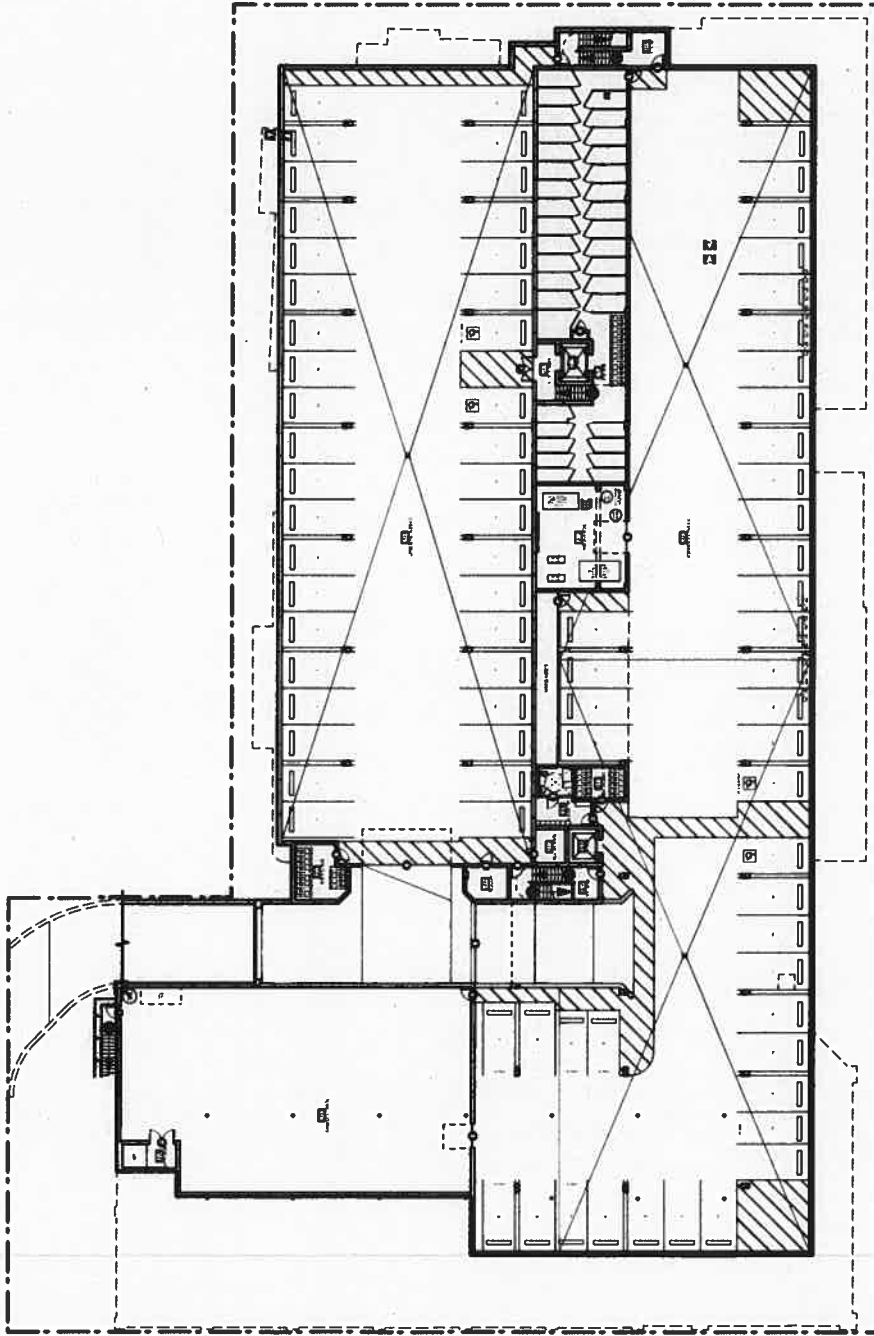
PREPARED BY: Allison De Busk, Project Planner

SUBMITTED BY: Paul Casey, Community Development Director

APPROVED BY: City Administrator's Office

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REVISIONS
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SHEET





Proposed Garage Plan

Project Name: 34 West Victoria
 Project #: 08019
 Date: 02.28.11



DUDEK

621 CHAPALA STREET
 SANTA BARBARA, CALIFORNIA 93101
 T 805.963.0651 F 805.963.2074

March 11, 2011

Paul Casey, Community Development Director
 Allison De Busk, Associate Planner
 City of Santa Barbara, Planning Division
 630 Garden Street
 Santa Barbara, CA 93102

Subject: *Request for Measure E Square Footage, From the City's "Economic Development Project" Pool, For Proposed Revisions to the Originally Approved 34 W. Victoria Street Project; MST 2009-00266*

Dear Paul and Allison:

The purpose of this letter is to formally request 3,437 square feet of Measure E square footage from the City's "Economic Development Project" Pool, which relate to Proposed Revisions to the Originally Approved 34 W. Victoria Street Project; MST 2009-00266. Please refer to a separate request for a Substantial Conformance Determination relating to Proposed Revisions to the Originally Approved 34 W. Victoria Street Project; MST 2009-00266, which necessitate this additional Measure E square footage.

The proposed project is located on a 58,715 sq. ft. (1.35 acre) site at 34 West Victoria Street, the northeast corner of Chapala Street and Victoria Street.

During the preparation of the final plans for the Project, the owners (Victoria Street Partners, LLC), solicited input from perspective retail tenants which have resulted in refinements to the Originally Approved 34 W. Victoria Street Project. These refinements include amenities that the perspective retail tenants have concluded would be necessary and beneficial, such as additional "back-of-house/storage" areas.

The 34 W. Victoria Street Project's Measure E square footage is comprised as follows:

- 20,125 square feet associated with the demolition of the existing "Von's" Grocery Store;
- 1,000 square feet from the City's "Minor Addition" allowance;
- 2,000 square feet from the City's "Small Addition" allowance; and,
- 3,437 square feet of Measure E square footage from the City's "Economic Development Project" Pool

34 W. Victoria Street Project/Santa Barbara Public Market Fact Sheet

The Santa Barbara Public Market is part of a mixed-use development that includes 21,981 (net) square feet of commercial/retail space and 37 residential condominium units.

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The Santa Barbara Public Market is a 14,665 (net) square foot market that will be comprised of artisan food and wine merchants showcasing Santa Barbara region farmers, wine makers and other providers of locally produced food. The very best regional and seasonal foods will be sold, including meats, poultry, seafood, cheese, fresh produce, flowers, bread and baked goods, olive oils, and other specialty items like chocolate and ice cream. An additional 7,316 (net) square feet of commercial/retail space will complement the Public Market, bringing the total commercial/retail square footage to 21,981 (net) square feet.

The 34 W. Victoria Street Project Designed to be a model of sustainability, the project incorporates a significant number of sustainable features with the goal of achieving a LEED for Homes Platinum designation, and LEED for Core and Shell Platinum designation for the market.

We believe the Proposed Revisions to the Originally Approved 34 W. Victoria Street Project is meritorious of Measure E (Economic Development Project) Pool square footage for the following reasons:

- The Proposed Revisions to the Originally Approved 34 W. Victoria Street Project is consistent with the City Charter, General Plan and Section 28.87.300.3 of the Municipal Code;

As identified in Section V of the staff report (dated August 5, 2010 for the August 12, 2010 Planning Commission hearing), the project complies with all provisions of the City's Zoning Ordinance (Title 28).

- The Proposed Revisions to the Originally Approved 34 W. Victoria Street Project will enhance the standard of living for City and South Coast residents, as it will create an new downtown public market, the likes of which are not presently available to City and South Coast residents;
- The Proposed Revisions to the Originally Approved 34 W. Victoria Street Project will strengthen the local economy by creating new permanent employment opportunities relating new jobs associated with the new public market and retail spaces;
- The Proposed Revisions to the Originally Approved 34 W. Victoria Street Project eliminate the need for Project retail tenants to rent off-site storage facilities thereby reducing associated traffic impacts;
- Similar to the Originally Approved 34 W. Victoria Street Project, the Proposed Revisions do NOT require any Municipal Code "modifications"; and,

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- The Proposed Revisions to the Originally Approved 34 W. Victoria Street Project will enhance the City's revenue base by creating a new downtown public market, creating new and increased property taxes and sales taxes for the City.

In addition, Proposed Revisions to the 34 W. Victoria Street Project will accomplish the following:

- Support diversity and balance in the local economy by establishing and expanding new businesses (via the introduction of a new downtown public market) which does not currently exist on the South Coast; and,
- Provide a new downtown public market, which is currently not available locally.

Additional Findings:

As identified in Section V of the staff report (dated August 5, 2010 for the August 12, 2010 Planning Commission hearing), the project complies with all provisions of the City's Zoning Ordinance (Title 28).

As described in Section VI of the staff report (Planning Commission Staff Report dated August 5, 2010, for the August 12, 2010 Planning Commission hearing), the project is an infill mixed-use project proposed in an area where commercial and residential development are permitted uses. The project is located in Downtown Santa Barbara, in the delineated Central Business District (CBD), an area envisioned for higher intensity commercial uses. Given the site's location near the northern edge of the downtown and CBD, development as proposed, is appropriate. The project is adequately served by public streets, public transportation and utilities.

As described in Section VI of the staff report (Planning Commission Staff Report dated August 5, 2010, for the August 12, 2010 Planning Commission hearing), the design has been reviewed by the City's design review board (Historic Landmarks Commission), which found the architecture and site design appropriate. Specifically, the project has been designed to be sensitive to the adjacent Arlington Theater, a designated City Landmark. The immediate neighborhood contains a mixture of one and two-story developments, with primarily one-story buildings fronting on State Street and the much taller Arlington Theater to the north and the Victoria Theater to the south. The project contains one- and two-story development along the street (Chapala and Victoria), with three story structures located on the interior of the lot. The project includes courtyards and paseos, consistent with the historic and encouraged development pattern in the area. Final review of the project, including architectural details, outdoor lighting, mechanical equipment and landscaping will be provided by the Historic Landmarks Commission.

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As described in Section VI C. 5. of the staff report (Planning Commission Staff Report dated August 5, 2010, for the August 12, 2010 Planning Commission hearing), adequate City services, including water, are currently available to the project site. Water resource impacts are not anticipated as a result of the construction of new nonresidential floor area.

As explained in Section VI C.4 of the staff report (Planning Commission Staff Report dated August 5, 2010, for the August 12, 2010 Planning Commission hearing), the project will not generate substantial traffic and will not significantly affect any area intersections.

The project site is adequately served by existing public streets and utilities. No traffic improvements are required as part of the project; however, required sidewalk improvements must be completed prior to project occupancy, as outlined in the project's conditions of approval.

In conclusion, we believe the Proposed Revisions to the 34 W. Victoria Street Project is meritorious of Measure E (Economic Development Project) Pool square footage and the required "Findings" can be made as describe above, and as such, we respectfully request that the Revised 34 W. Victoria Street Project be provided with these Measure E credits.

If you have any questions, need further documentation, or wish to further discuss this request with the Applicant, please do not hesitate to contact me.

Sincerely yours,



Kenneth E. Marshall, AICP
Principal

Enclosures

cc: Stephen P. Wiley, Esq.
Bettie Weiss
Margaret L. Cafarelli
Brian Cearnal

**PROJECTS WITH PRELIMINARY OR FINAL
ECONOMIC DEVELOPMENT DESIGNATIONS**

PROJECT/ADDRESS	PRELIM. DESIG. (SQ. FT.)	FINAL DESIG. (SQ. FT.)	STATUS/ COMMENT
Gateway Project (Miravant) 6100 Hollister Avenue MST97-00715		80,320	Approved 5/28/2000 Expired/Pending
Architectural Millworks 815 Quinientos Street MST97-00320		15,000	C of O 1/20/2004
Penfield and Smith 111 E Victoria St MST2002-00243		7,905	BP 2/11/2005
Software.com 630-634 Anacapa Street MST97-00520	26,493		Withdrawn
Alliance Manufacturing Software 1035 Chapala Street MST98-00051	30,257		Withdrawn
Fielding Institute 4151 Foothill Road MST2001-00840 MST2008-00496	22,499 22,499 1,703		Prelim with MST2001-00840 Still Active
Santa Barbara Auto Gallery 352 Hitchcock Way MST2009-00015	7,925		Withdrawn
Airport Mobile Structure 500 Fowler Rd MST2002-00265		720	Approved 6/20/02
Cottage Hospital 320 W Pueblo St MST2003-00152		182,541 <u>+ 10,600</u> 193,141	Under Construction Add'l s.f. approved 10/19/10
Granada Theatre 1216 State St MST2004-00005		13,360	C of O
101 E Victoria MST2006-00758		2,703	Approved 12/23/2008
SUBTOTALS	24,202*	313,149	
ALLOCATED TO DATE: 337,351 SQFT* REMAINING UNALLOCATED: 541,447 SQFT			

11/22/2010

*Does not include SF from Software.Com, Alliance or SB Autogroup, which have been withdrawn